

Existing law regarding the audit of tax returns by the secretary of the Dept. of Revenue, provides for the conditions under which a sampling audit may be utilized, and authorizes and establishes the procedure for the use of managed audits.

New law adds conditions under which the use of sampling audits is appropriate, which includes situations where taxpayer records are complex, voluminous, insufficient, or potentially more costly to audit than any benefit that might be derived from an audit.

Existing law provides the procedure for and use of managed audits of tax returns. The secretary is authorized to enter into a written agreement with a taxpayer relative to the use of a managed audit of his tax return.

New law specifies factors to be considered by the secretary regarding the decision to authorize a managed audit, including: the taxpayer's history of tax compliance, the amount of time and resources the taxpayer has available to dedicate to the audit, the extent and availability of the taxpayer's records, and the taxpayer's ability to pay any expected liability.

Effective upon signature of governor (June 24, 2011).

(Amends R.S. 47:1541(B); Adds R.S. 47:1541(D) and 1601(A)(2)(e))